Commonwealth of Massachusetts
Debt Affordability Analysis

Executive Office for Administration & Finance
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The Patrick-Murray Administration's capital spending program is guided by two key principles: (1) adequate investment in high-quality public infrastructure, and (2) responsible management of the Commonwealth's fiscal resources. The Commonwealth faces a backlog of needed capital projects; at the same time, the state faces the constraints of a tight operating budget and an already high debt burden. On the spending side, the Administration's FY2008-2012 Capital Investment Plan has been developed through a rigorous process of due diligence and strategic planning. On the financing side, the Administration's annual debt issuance necessary to fund that capital plan has been determined through the rigorous affordability analysis described in the following pages.

Based on the analysis set forth below, the Administration has set the administrative bond cap for fiscal year 2008 at $1.5 billion. This is a fiscally responsible and affordable level of new debt that will allow the Commonwealth to increase its investment in the general capital infrastructure needs of the state.

Introduction

Although a portion of the Commonwealth's capital investments are funded from federal grants and other sources, the Commonwealth borrows funds through the issuance of bonds and notes to fund the large majority of its capital investments. The issuance of bonds and notes to fund capital projects must be approved by a two-thirds vote of each house of the Legislature. The State Treasurer is responsible for the issuance of the Commonwealth's debt obligations. The Governor, through the Executive Office for Administration & Finance (A&F), allocates funds to support authorized projects, and through this allotment controls the amount of debt issued annually to support capital projects.

In addition to direct debt[1], the Commonwealth has a number of other debt-like, long-term liabilities. These liabilities include contract assistance payments and contingent liabilities. Contract assistance payments are made by the Commonwealth to certain independent authorities and political subdivisions of the state to support all or a

[1] "Direct" debt includes general obligation debt (secured by a pledge of the full faith and credit of the Commonwealth), special obligation debt (secured by a pledge of receipts credited either to the Highway Fund or Convention Center Fund), and federal grant anticipation notes (secured by a pledge of federal highway construction grants).

portion of the debt service on certain bonds issued by such entities. Certain contract assistance payment liabilities of the Commonwealth are secured by a general obligation pledge of the Commonwealth, and others are subject to annual appropriation by the Legislature.[2]

Contingent liabilities relate to debt issued by independent authorities and agencies of the Commonwealth. These debts are expected to be paid by the issuing entities, but the Commonwealth has guaranteed payment of debt service or replenishment of reserves if expected payment sources are inadequate.[3]

Statutory Debt Limits

Legislation enacted in December 1989 restricts the amount of the Commonwealth's outstanding direct debt.[4] This legislation imposed a "statutory debt limit" of $6.8 billion in fiscal year 1991 and set the limit for each subsequent year at 105% of the previous fiscal year's limit. The statutory debt limit is calculated according to certain rules[5] and excludes several direct and contingent obligations of the Commonwealth.[6] The statutory debt limit for fiscal year 2007 is approximately $14.84 billion, and the Commonwealth's outstanding direct debt subject to the limit is estimated to be $13.74 billion.[7]

Legislation enacted in January 1990 imposes a limit on debt service appropriations in Commonwealth operating budgets.[8] No more than 10% of total budgeted appropriations may be spent on debt service (both interest and principal) on Commonwealth general obligation debt in any fiscal year. Payments on debt not subject to the statutory debt limit described above are also excluded from the debt service limit. In fiscal year 2006, budgeted debt service on debt subject to this limit was

[2] General obligation contract assistance liabilities (which, like general obligation debt, must receive 2/3 approval of the Legislature) include payments to the Massachusetts Water Pollution Abatement Trust and the Massachusetts Turnpike Authority. Budgetary contract assistance liabilities (which are the result of certain capital leases and other contractual agreements) include payments to the Chelsea Industrial Development Financing Authority, the Route 3 North Transportation Improvements Association, and the Plymouth County Correctional Facilities Corporation.

[3] Contingent liabilities include certain obligations of the Massachusetts Bay Transportation Authority, the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority, the University of Massachusetts Building Authority, the Massachusetts State College Building Authority and the Massachusetts Housing Finance Agency.

[4] M.G.L. Chapter 29, Section 60A.

[5] The statutory debt limit is calculated under the statutory basis of accounting, which, unlike GAAP, measures debt net of underwriters' discount, costs of issuance, and other financing costs. In addition, the statutory debt limit excludes bonds that are refunded by the proceeds of Commonwealth refunding bonds once those refunding bonds have been issued.

[6] Debt not counted in the calculation of the statutory debt limit includes: certain Commonwealth refunding and restructuring bonds issued in September and October 1991, federal grant anticipation notes, special obligation bonds, debt issued by certain counties that has been assumed by the Commonwealth, bonds issued to pay operating notes of the MBTA or to reimburse the Commonwealth for advances to the MBTA, bonds payable from the Central Artery and Statewide Road and Bridge Infrastructure Fund, and bonds issued to finance the Massachusetts School Building Authority. Contract assistance, lease payments, and contingent liabilities are also excluded.

[7] Estimate as of July 11, 2007; final amounts to be available in the audited FY 2007 Statutory Basis Financial Report.

[8] M.G.L. Chapter 29, Section 60B.

approximately $1.4 billion, representing 5.6% of total budgeted expenditures, which were approximately $25.6 billion.[9]

Administrative Bond Cap

The statutory debt limit and debt service limits represent only an upper limit on the amount of direct debt the Commonwealth may incur, and they do not count many types of Commonwealth debt and debt-like obligations (e.g., contract assistance payment liabilities). Since fiscal year 1991, A&F has established an "administrative bond cap" to limit annual bond issuance to affordable levels. The bond cap has grown over time and was stated to be $1.25 billion in fiscal year 2007, plus $72 million of unused cap carried forward from the previous fiscal year and $51 million of additional debt approved during fiscal year 2007 to pay costs of ceiling repairs in the Central Artery tunnels. Growth in the bond cap has not always been based on transparent, analytical measures of affordability, and in recent years certain bonds have been issued outside of the stated cap (e.g., $1 billion of bonds was issued outside of the bond cap during fiscal years 2005 and 2006 to support the Massachusetts School Building Authority).

High Existing Debt Burden

Despite statutory and administrative debt limits, the Commonwealth's debt burden remains among the highest in the nation by certain measures. The most recent U.S. Census Bureau study of state finances ranks Massachusetts third in the nation in outstanding debt and first in the nation in debt per capita.[10] Moody's Investors Service ranks Massachusetts fourth in total net tax-supported debt, third in total gross tax-supported debt, second in net tax-supported debt as a percentage of personal income, and first in net tax-supported debt per capita.[11] Standard and Poor's Massachusetts rankings are similar: first in tax-supported debt per capita, second in tax-supported debt as a percentage of personal income, and fourth in total tax-supported debt.[12] It is important to note, however, that these measures include certain debt issued by entities other than the Commonwealth for which the Commonwealth is not liable. In addition, these measures tend to favor other states that have stronger county governments and other political subdivisions that issue debt to finance capital improvements that are financed by state government in Massachusetts.

Although the Commonwealth maintains a relatively strong credit rating compared to other large states, rating agencies note that the state's relatively high outstanding debt burden is an obstacle to receiving an upgrade. Since ratings impact the Commonwealth's cost of funds in issuing new debt, the Administration will seek to improve its credit rating through efforts to stimulate economic growth and through

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[9] 2007 amounts will not be available until after the final audit for FY 2007.

[10] U.S. Census Bureau, "2005 State Government Finance Data" (http://www.census.gov/govs/www/state05.html).

[11] Moody's Investors Service, "2007 State Debt Medians." See Exhibit A attached.

[12] Standard and Poor's, "State Debt Issuances Are Likely to Accelerate with Substantial Infrastructure Needs." See Exhibit B attached.

prudent management of the state's finances, including a debt issuance policy that more closely links the bond cap to the state's capacity to assume additional debt service obligations as described in this report.

In light of the Commonwealth's large outstanding debt burden and significant need for capital investment, the Patrick-Murray Administration re-evaluated the administrative bond cap in connection with the fiscal year 2008 capital planning process and the publication of the FY2008-2012 Five-Year Capital Investment Plan. This examination and analysis has focused on the affordability of our current obligations and our capacity to pay additional debt obligations.

Methodology and Model for Analysis

A&F has conducted a capacity analysis for our capital program over the next five years. This analysis has focused on the *affordability* of issuing new debt, taking into account our existing debt service, contract assistance payment obligations, and certain capital lease payment obligations. In this analysis, affordability is measured by the annual cost of debt service and other debt-like payment obligations as a percentage of budgeted revenues. This measure (debt service as a percent of budgeted revenues) is a commonly accepted standard for measuring debt capacity; it takes into account the true "cost" of our debt, allowing us to factor in the actual terms and rates of the bonds we issue and the amount of revenue available to pay those costs.

Existing Obligations and Liabilities

Our debt capacity analysis includes an examination of our existing debt service, contract assistance and certain capital lease payment obligations. The analysis includes all general obligation debt issued through June 30, 2007.[13] We have included only the interest payments on federal grant anticipation notes (GANs); principal payments are made with grants from the Federal Highway Administration that are legally dedicated to such purpose and are not available for general budgeting purposes. Gas tax special obligation bonds are included in the analysis. Special obligation bonds for the Massachusetts Convention Center Authority are not included; although these bonds are obligations of the Commonwealth, they are secured and paid directly by a pledge of dedicated tax revenues related to the convention center projects financed with proceeds of the bonds.[14] MBTA and MSBA bonds are also not included because they are obligations of the MBTA and MSBA, respectively, and, although secured in part by a portion of the Commonwealth's sales tax revenues, the Commonwealth is not liable for such bonds and such sales tax revenues are legally dedicated to the MBTA and MSBA and not available to the Commonwealth for general budgeting purposes.[15] The

[13] Unmatured crossover refundings have not been included.

[14] This tax revenue is also excluded from the Commonwealth's budgeted revenues described later in the analysis.

[15] Certain debt expected to be issued in fiscal year 2008 and in subsequent fiscal years will also be excluded from the bond cap and from this analysis in future years. This excluded debt is expected to be limited to bonds or notes

Commonwealth's debt service obligations are described for fiscal years 2007 – 2012 in the table below:

FY	General Obligation Debt Service	Federal GANs (interest only)	Special Obligation: Gas Tax	Total
2007	1,774,955,545.00	87,887,033	47,133,334.55	1,909,975,912.05
2008	1,775,064,481.88	81,468,853	64,200,519.10	1,920,733,853.48
2009	1,753,074,796.83	74,478,113	64,104,809.10	1,891,657,718.43
2010	1,643,637,618.93	66,834,906	64,111,489.10	1,774,584,014.28
2011	1,607,092,676.92	57,205,969	64,112,651.60	1,728,411,297.27
2012	1,436,632,074.86	45,694,088	64,119,349.10	1,546,445,511.46

Contract assistance and certain capital lease obligations that relate to major capital projects were also included in the examination of existing Commonwealth obligations.[16] These obligations for fiscal years 2007 – 2012 are outlined in the following table[17]:

	General Obligation					Budgetary				All
FY	**MCCA**	**MDFA**	**Foxborough**	**MWPAT**	**MTA**	**Chelsea**	**Route 3 North**	**Plymouth COPs**	**Saltonstall Bldg.**	**Total**
2007	2,531,761.26	10,162,000.00	1,738,331.25	63,699,925.90	25,000,000.00	6,465,000.00	25,227,557.56	10,245,738.00	9,351,930.00	154,422,243.97
2008	-	-	-	67,971,035.37	25,000,000.00	6,465,000.00	23,700,845.14	10,242,626.00	9,556,683.00	142,936,189.51
2009	-	-	-	*71,974,529.35*	25,000,000.00	6,465,000.00	23,700,355.05	10,246,996.00	9,698,459.00	147,085,339.40
2010	-	-	-	*76,213,829.13*	25,000,000.00	6,465,000.00	23,698,948.80	10,244,455.00	9,842,428.00	151,464,660.93
2011	-	-	-	*80,702,823.67*	25,000,000.00	6,453,000.00	23,699,878.80	10,244,931.00	9,919,804.00	156,020,437.47
2012	-	-	-	*85,456,219.98*	25,000,000.00	6,453,000.00	19,492,712.63	10,240,043.00	9,999,503.00	156,641,478.61

Revenue Projections

For the purposes of this analysis, "revenues" are assumed to be the Commonwealth's "Budgeted Revenues and Other Sources" (which can be found in the Commonwealth's statutory basis balance sheet each year). This amount represents Commonwealth tax and other revenues available for operating expenses, including debt service and other obligations; this revenue amount does not include off-budget revenues or tax revenues dedicated to the MBTA, MSBA, and MCCA (the debt service obligations of these entities payable from such dedicated revenues have also been excluded from the analysis).

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supported by specifically identified and dedicated project-related revenue streams that are not available or taken into account for general budgeting purposes.

[16] The analysis includes major capital lease obligations, such as lease payments that support the Saltonstall project and the bonds issued by the Route 3 North Association for the Route 3 North project, which are large-scale capital projects that were executed outside of the bond cap. Agencies occasionally directly acquire equipment and pay for minor capital costs through their operating budgets; these minor capital costs are not part of the state's capital budget and are not included in this analysis.

[17] In May 2007, the Commonwealth sold bonds to refund approximately $129 million in contract assistance payment obligations related to debt issued by the Foxborough Industrial Development Finance Authority, Route 3 North Association, and the MCCA, and to refund approximately $350 million of general obligation debt. The impact of these refundings is reflected in this table and in the debt service table above. MWPAT obligations are projected for fiscal years 2009-2012 based on the compound annual growth rate in MWPAT contract assistance payments for the past five years (5.98%).

The fiscal year 2007 revenue amount of $26,985,600,000 is a projection based on collections through April 2007.[18] The fiscal year 2008 revenue estimate of $26,727,000,000 is a projection based on the FY08 consensus tax revenue estimate, which was announced in January 2007 by the Governor and the chairs of the House and Senate Ways and Means Committees, and was the amount used for purposes of developing the Commonwealth's FY08 operating budget. Budgeted revenue estimates used for fiscal years 2009-2012 are calculated based on the fiscal year 2008 estimate and an annual growth rate of 3%, which is the compound annual growth rate of budgeted revenues over the previous ten years. The budgeted revenues from fiscal years 1998 through 2007 are shown in the table below, as are the fiscal year 2008-2012 projections.

1998-2007 Revenue Growth: Actual

Fiscal Year	Budgeted Revenues (net of transfers)	Annual Growth Rate
1998	19,799,839,000	n/a
1999	20,165,000,000	1.84%
2000	22,587,100,000	12.01%
2001	22,860,600,000	1.21%
2002	21,174,800,000	-7.37%
2003	21,987,100,000	3.84%
2004	23,998,300,000	9.15%
2005	24,373,500,000	1.56%
2006	26,305,500,000	7.93%
2007	*26,985,600,000*	2.59%
1999-2007 compound annual growth rate:		2.96%

2008-2017 Revenue Growth: Estimate

Fiscal Year	Projected Revenue at 3% Growth
2008	26,727,000,000
2009	27,528,810,000
2010	28,354,674,300
2011	29,205,314,529
2012	30,081,473,965

Existing debt service, contract assistance and lease payment obligations have been compared to the budgeted revenue projection for the next five years, which forms the basis of the new debt capacity analysis. This comparison is presented in the table below:

Fiscal Year	Debt Service	Contract Assistance & Capital Leases	Existing Obligations	Estimated Budgeted Revenue	Debt Service as % of Budgeted Revenues
2007	1,909,975,912.05	154,422,243.97	2,064,398,156.02	26,985,600,000	7.65%
2008	1,920,733,853.48	142,936,189.51	2,063,670,042.99	26,727,000,000	7.72%
2009	1,891,657,718.43	147,085,339.40	2,038,743,057.84	27,528,810,000	7.41%
2010	1,774,584,014.28	151,464,660.93	1,926,048,675.21	28,354,674,300	6.79%
2011	1,728,411,297.27	156,020,437.47	1,884,431,734.73	29,205,314,529	6.45%
2012	1,546,445,511.46	156,641,478.61	1,703,086,990.06	30,081,473,965	5.66%

Fiscal Year 2008-2012 Debt Issuance Modeling

In analyzing potential levels of debt issuance to fund the Commonwealth's capital spending plan for the next five years, we made the following conservative and fiscally responsible assumptions:

- All debt issued to fund the capital spending program will be issued at the start of the fiscal year in which it will be spent. This assumption is a conservative one for

[18] This projection can be found in the Commonwealth's Information Statement, dated May 9, 2007.

modeling purposes, as it results in the debt service impact of bonds issued in a fiscal year being assumed as early as possible.

- Although the Commonwealth has the statutory authority to issue virtually all of its authorized bond for a term of up to 30 years, two-thirds of the debt to be issued each year is assumed to have a 20-year term, while one-third of the debt to be issued each year is assumed to have a 30-year term.
- Interest rates reflect recent market conditions: the interest rate used for 20-year debt is 4.38%, which is the twenty-four month average of the Bond Buyer 11 Index[19] from April 2005 through June 2007; the interest rate used to model the 30-year debt is 4.50%, reflecting a conservative estimate of the current spread between 20 and 30 year municipal market data.
- Annual debt service payments will be structured on a "level debt service" basis over the life of the related bonds, consistent with past practice by the Commonwealth.
- This analysis assumed that there would be no unused bond cap carried forward from previous years and available for future spending. To the extent that there is unused bond cap in future years, these amounts will be carried forward and considered available for the next year's capital budget, since the affordability analysis takes into account the full amount of the annual bond cap being issued at the start of each fiscal year.

In setting the annual administrative bond cap, the Administration has decided to impose a cap that will ensure debt service does not exceed 8% of annual budgeted revenues. This is only nominally higher than the debt service burden covered in the fiscal 2007 budget, which was 7.65% of budgeted revenues. By keeping total annual debt service within this limit, the Administration will ensure that debt service levels remain affordable and that future debt service does not grow at a rate that inhibits our ability to continue to fund existing state programs.

For purposes of projecting debt capacity in future fiscal years, we placed another restriction on our debt capacity model: the annual bond cap in each subsequent fiscal year does not grow by more than $125 million per fiscal year, even if in some years the actual revenue growth projection provides capacity to issue a greater amount of debt. This additional constraint ensures stable and manageable growth and avoids taking on an unaffordable long-term debt burden on the basis of unusually robust short-term revenue growth.

As shown in the table below, a $1.5 billion bond cap in fiscal year 2008 results in total debt service obligations in fiscal year 2008 equal to approximately $2.1 billion, or 7.85% of budgeted revenues, which is within the 8% limit described above. The table below also shows the additional debt service created by starting in fiscal year 2008 with a bond cap of $1.5 billion and increasing that cap by a maximum of $125 million each

[19] The Bond Buyer 11 Index tracks the rates of 11 issues of 20-year municipal debt with a AA credit rating.

subsequent year. Even with these steady increases in the bond cap, debt service as a percentage of budgeted revenues is projected to decline by nearly one-half of one percentage point over five years to 7.41%.

Projected Debt Service as a Percentage of Budgeted Revenues: Fiscal Years 2008–12

Fiscal Year	Bond Cap	Existing Obligations	Cumulative New Debt Service from Annual Bond Cap	Total Debt Obligations	Estimated Budgeted Revenue	Debt Service as % of Budgeted Revenues
2008	1,500,000,000	2,063,670,042.99	33,150,000.00	2,096,820,042.99	*26,727,000,000*	7.85%
2009	*1,625,000,000*	2,038,743,057.84	*142,687,125.99*	*2,181,430,183.83*	*27,528,810,000*	*7.92%*
2010	*1,750,000,000*	1,926,048,675.21	*261,122,137.48*	*2,187,170,812.69*	*28,354,674,300*	*7.71%*
2011	*1,875,000,000*	1,884,431,734.73	*388,455,034.47*	*2,272,886,769.21*	*29,205,314,529*	*7.78%*
2012	*2,000,000,000*	1,703,086,990.06	*524,685,816.96*	*2,227,772,807.02*	*30,081,473,965*	*7.41%*

It should be noted that these tables are the result of a model built on certain assumptions and restrictions (projections based on such assumptions are italicized in the tables below). The Patrick-Murray Administration intends to revisit this analysis each year as part of the development of the following fiscal year's capital plan, and to adjust the model's assumptions as needed to reflect new trends in revenue growth, interest rates, and other factors. As a part of this annual review, the Administration will also reassess the debt capacity model as a whole, including the limitation of keeping debt service below 8% of budgeted revenues and the additional limitation of keeping annual bond cap increases to not more than $125 million, in order to ensure that it continues to be an appropriate and responsible model for measuring the Commonwealth's debt capacity in the future.

Exhibit A: Moody's Debt Medians

[Source: Moody's Investors Service, "2007 State Debt Medians," published April 2007]

Table 1

Net Tax-Supported Debt Per Capita

			Rating
1	Massachusetts	$4,153	Aa2
2	Connecticut	$3,713	Aa3
3	Hawaii	$3,630	Aa2
4	New Jersey	$3,317	Aa3
5	New York	$2,694	Aa3
6	Delaware	$1,998	Aaa
7	Illinois	$1,976	Aa3
8	Washington	$1,765	Aa1
9	Rhode Island	$1,687	Aa3
10	California	$1,623	A1
11	Oregon	$1,464	Aa3
12	New Mexico	$1,435	Aa1
13	Wisconsin	$1,405	Aa3
14	Louisiana	$1,294	A2
15	Mississippi	$1,247	Aa3*
16	Kansas	$1,218	Aa1
17	Kentucky	$1,204	Aa2*
18	Maryland	$1,171	Aaa
19	West Virginia	$1,071	Aa3
20	Florida	$1,020	Aa1
21	Ohio	$974	Aa1
22	Alaska	$939	Aa2
23	Georgia	$916	Aaa
24	Pennsylvania	$852	Aa2
25	Minnesota	$827	Aa1

Table 2

Net Tax-Supported Debt as a % of 2005 Personal Income

1	Hawaii	10.6%
2	Massachusetts	9.4%
3	Connecticut	7.8%
4	New Jersey	7.6%
5	New York	6.7%
6	Illinois	5.5%
7	Delaware	5.5%
8	New Mexico	5.3%
9	Washington	5.1%
10	Louisiana	4.9%
11	Mississippi	4.9%
12	Oregon	4.6%
13	Rhode Island	4.6%
14	California	4.4%
15	Kentucky	4.3%
16	Wisconsin	4.2%
17	West Virginia	3.9%
18	Kansas	3.7%
19	Florida	3.1%
20	Georgia	3.0%
21	Ohio	3.0%
22	Maryland	2.8%
23	Alaska	2.7%
24	Pennsylvania	2.4%
25	North Carolina	2.4%

Table 3

Total Net Tax Supported Debt (000's)

			Rating
1	California	$59,171,200	A1
2	New York	$52,014,000	Aa3
3	New Jersey	$28,935,074	Aa3
4	Massachusetts	$26,735,227	Aa2
5	Illinois	$25,359,214	Aa3
6	Florida	$18,454,123	Aa1
7	Connecticut	$13,013,222	Aa3
8	Washington	$11,290,608	Aa1
9	Ohio	$11,176,473	Aa1
10	Pennsylvania	$10,604,000	Aa2
11	Texas	$9,756,427	Aa1
12	Georgia	$8,577,760	Aaa
13	Wisconsin	$7,806,409	Aa3
14	Michigan	$7,538,800	Aa2
15	Maryland	$6,573,900	Aaa
16	North Carolina	$6,447,199	Aaa
17	Louisiana	$5,549,156	A2
18	Oregon	$5,418,714	Aa3
19	Virginia	$5,285,480	Aaa
20	Kentucky	$5,064,823	Aa2*
21	Hawaii	$4,666,432	Aa2
22	Minnesota	$4,274,574	Aa1
23	Indiana	$4,147,983	Aa1*
24	Arizona	$3,664,752	Aa3
25	Mississippi	$3,628,815	Aa3*

Table 4

Gross Tax Supported Debt (000's)

			Gross to Net Ratio
1	California	$66,664,200	1.13
2	New York	$52,014,000	1.00
3	Massachusetts	$34,203,405	1.28
4	New Jersey	$33,740,775	1.17
5	Illinois	$25,717,314	1.01
6	Florida	$22,594,723	1.22
7	Michigan	$21,929,300	2.91
8	Connecticut	$20,952,322	1.61
9	Washington	$17,090,608	1.51
10	Pennsylvania	$14,051,000	1.33
11	Texas	$13,099,845	1.34
12	Oregon	$11,992,195	2.21
13	Ohio	$11,259,233	1.01
14	Minnesota	$11,156,199	2.61
15	Wisconsin	$10,020,527	1.28
16	Virginia	$9,614,993	1.82
17	Georgia	$8,577,760	1.00
18	Colorado	$8,492,403	5.20
19	Kentucky	$7,224,467	1.43
20	Maryland	$6,573,900	1.00
21	North Carolina	$6,447,199	1.00
22	Louisiana	$6,373,287	1.15
23	Alabama	$6,301,950	2.32
24	Hawaii	$6,079,265	1.30
25	Utah	$5,811,454	3.67

Exhibit B: Standard and Poor's Debt Medians

[Source: Standard and Poor's, "State Debt Issuances Are Likely to Accelerate with Substantial Infrastructure Needs," published June 5, 2007]

Table 2

U.S. States Tax-Supported Debt Statistics

As of Fiscal Year-End 2006

	—Total—		—Per capita—		—As % of personal income—	
State	Rank	(Mil $)	Rank	($)	Rank	(%)
Alabama	29	2,206	35	480	33	1.5
Alaska	36	1,327	8	1,980	6	5.3
Arizona	24	3,419	32	555	30	1.8
Arkansas	39	1,140	39	406	35	1.5
California	1	54,589	12	1,497	14	3.8
Colorado	43	457	48	96	48	0.2
Connecticut	7	13,305	2	3,796	3	7.6
Delaware	31	1,998	5	2,342	5	6.0
Florida	6	17,866	18	988	19	2.8
Georgia	12	7,525	25	804	23	2.5
Hawaii	19	4,612	3	3,588	1	9.9
Idaho	46	205	46	140	46	0.5
Illinois	5	25,810	7	2,011	7	5.3
Indiana	37	1,307	43	207	42	0.6
Iowa	44	312	47	104	47	0.3
Kansas	25	3,244	15	1,173	16	3.4
Kentucky	20	4,101	19	975	17	3.3
Louisiana	21	3,634	21	848	20	2.7
Maine	40	730	33	553	32	1.7
Maryland	16	6,291	17	1,120	22	2.5
Massachusetts	4	26,052	1	4,047	2	8.8
Michigan	18	5,215	34	517	34	1.5
Minnesota	22	3,460	30	670	31	1.7
Mississippi	23	3,449	14	1,185	12	4.5
Missouri	27	2,588	37	443	36	1.4
Montana	45	230	41	243	41	0.7
Nebraska	49	37	49	21	49	0.1
Nevada	30	2,100	22	842	40	1.1
New Hampshire	41	608	36	462	38	1.2
New Jersey	3	28,453	4	3,261	4	7.0
New Mexico	28	2,217	16	1,134	15	3.8
New York	2	40,552	6	2,100	8	5.0
North Carolina	14	6,509	27	735	25	2.3
North Dakota	48	117	45	185	45	0.6
Ohio	9	9,740	20	849	21	2.5
Oklahoma	34	1,533	38	428	37	1.3
Oregon	17	5,682	11	1,535	10	4.6
Pennsylvania	10	8,783	28	706	29	1.9
Rhode Island	33	1,535	13	1,438	13	3.8
South Carolina	26	2,885	31	668	27	2.3
South Dakota	47	164	442	210	44	0.6
Tennessee	38	1,241	44	206	43	0.6
Texas	13	7,218	40	390	39	1.1
Utah	32	1,708	29	670	24	2.3
Vermont	42	485	26	777	26	2.3
Virginia	15	6,360	23	832	28	2.1
Washington	8	11,157	9	1,744	9	4.7
West Virginia	35	1,496	24	823	18	2.9
Wisconsin	11	8,664	10	1,559	11	4.5
Wyoming	50	0	50	0	50	0.0